Distr.
GENERAL

GC.10/6
IDB.27/17
27 June 2003

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Tenth session
Vienna, 1-5 December 2003

INDUSTRIAL DEVELOPMENT BOARD

Twenty-seventh session
Vienna, 26-28 August 2003
Item 6 of the provisional agenda

IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005

Report by the Director-General

Reports on the implementation of measures contained in General Conference resolution GC.9/Res.2, medium-term programme framework, 2002-2005.

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V.03-85396 (E)

Distr.: 11 July 2003

Abbreviations

AfrIPANet	Africa Investment Promotion Agency Network
AIDMO	Arab Industrial Development and Mining Organization
CAD/CAM	computer-aided design/computer-aided manufacturing
CAMI	Conference of African Ministers of Industry
CBD	Convention on Biological Diversity
CDM	Cleaner Development Mechanism
COMFAR	Computer Model for Feasibility Analysis and Reporting
COMPID	combating marginalization and poverty through industrial development
CP	cleaner production
ESCWA	United Nations Economic and Social Commission for Western Asia
EST	environmentally sound technology
GEF	Global Environment Facility
HRMF	Human Resources Management Framework
ILO	International Labour Organization
IPA	investment promotion agency
ISO	International Organization for Standardization
ITC	International Trade Centre
ITPO	Investment and Technology Promotion Office
LDC	least developed country
LME	large marine ecosystem
MTPF	medium-term programme framework
NCPC	National Cleaner Production Centre
NCPP	national cleaner production programme
NEPAD	New Partnership for Africa's Development
NGO	non-governmental organization
NIP	national implementation plan
NIS	Newly Independent State
NP	Nordic Partnership
ODP	ozone-depleting potential
OECD	Organization for Economic Cooperation and Development
POP	persistent organic pollutant
SME	small and medium enterprise
TICAD II	Second Tokyo International Conference on African Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WIPO	World Intellectual Property Organization
WSSD	World Summit for Sustainable Development
WTO	World Trade Organization

Introduction: The context

1. This document is issued in accordance with resolution GC.9/Res.2 on the medium-term programme framework (MTPF), 2002-2005. That resolution encouraged the Director-General to devote particular attention to a number of specific issues in the implementation of the Business Plan during 2002-2005, and called upon him to report to the tenth session of the Conference, through the Board, on its implementation. The present report highlights the issues selected for special attention in resolution GC.9/Res.2 and summarizes the principal measures taken in response.

2. In this connection it may be noted that at its twenty-sixth session in November 2002, the Board adopted the strategic guidelines "Towards improved UNIDO programme delivery" contained in document IDB.26/15, and through decision IDB.26/Dec.7 requested the Director-General to take these guidelines fully into account when implementing the MTPF, 2002-2005. To ensure full compliance with that decision, the strategic guidelines were issued as a booklet in March 2003, which was distributed to all UNIDO staff. In his foreword, the Director-General stressed that all staff should fully understand the guidance given by the Member States in the strategic guidelines so that UNIDO could fully meet their expectations in the design and implementation of its activities.

I. STRENGTHENING INDUSTRIAL CAPACITIES

Maintaining and reinforcing the sectoral priorities defined in the Business Plan

3. In order to enhance UNIDO's abilities to implement activities meeting the sectoral priorities defined in the Business Plan more effectively and efficiently, the Secretariat has reconfigured the Organization's structure into three divisions—two substantive and one administrative—with effect from 1 March 2002. All of the substantive areas involved in the development of technical cooperation programmes have been brought together into a single division, in order to promote a coherence of efforts, strengthen a strategic approach and improve UNIDO's delivery and

technical capacity. The second substantive division combines programme coordination, strategic research and the Regional Bureaux.

4. This change in UNIDO's structure is being accompanied by efforts to refine its eight service modules to ensure their consistency with the evolving international development agenda. Particular emphasis is paid to maintain the alignment of UNIDO's services with the Millennium Development Goals. Due account is also being taken of the important development-related decisions taken by the international community at such events as the International Conference on Financing for Development, held in March 2002 at Monterrey, Mexico, and the World Summit for Sustainable Development (WSSD), held at Johannesburg, South Africa, in August/September 2002. Recognizing the importance of productivity growth as one of the principal means of achieving the international development objectives, the UNIDO services are also being redesigned to focus on productivity enhancement.

5. While proceeding with the formulation and implementation of integrated programmes and country service frameworks, UNIDO has also developed a limited number of thematic initiatives to provide specialized assistance to developing countries and countries with economies in transition in meeting particularly pressing development needs. These are intended to address key subjects on the international development agenda while reflecting UNIDO's comparative advantages in the field of industrial development. The initiatives introduced to date cover the topics of facilitating market access, developing rural energy for productive use, and assisting in post-crisis recovery and rehabilitation.

Supporting institutional capacity-building in relation to technical regulations and standards, to facilitate market access

6. Particularly strong emphasis continues to be given to the subject of facilitating access to international markets for developing countries and transition countries by helping them to meet quality and standards requirements and overcome other technical barriers to trade. The need for support in this field to enable developing countries and transition economies to share the benefits of globalization more fully and reduce poverty has been stressed by the Ministerial Meeting at Doha of the World Trade Organization (WTO) and by the New Partnership for Africa's Development (NEPAD). In response, UNIDO launched a special initiative for trade-related technical cooperation at the Monterrey International Conference on Financing for Development. Under this initiative UNIDO provides support services focused on developing standards, metrology and conformity assessment; on assisting testing laboratories to obtain international accreditation; on supporting capacity development for ISO 9000 and ISO 14000; and on upgrading quality and productivity. Projects providing these and related services have been formulated for, or implemented in, a wide range of countries and regions.

7. The Director-General has also established an informal consultative group of representatives from interested Member States to advise and assist him in implementing the initiative on trade and market access facilitation. This group is co-chaired by the Permanent Representatives of Peru and the United Kingdom. At a meeting on 16 May 2003 many useful suggestions were made by the group regarding specific areas in which UNIDO, based on its mandate and comparative advantage, could provide practical technical assistance to developing countries and transition economies in strengthening their productive capacities, especially in the areas of quality, standards and conformity assessment. The Director-General expects the group to advise him on a continuing basis to carry out the Organization's activities in these areas.

8. UNIDO is also closely coordinating with other relevant international agencies, such as WTO, UNCTAD, ITC, UNDP and JITAP, to define and focus UNIDO's interventions in support of industrial development for market access and strengthen inter-agency cooperation in this field. Discussions on a joint programme of technical cooperation between UNIDO and WTO are in progress and are expected to be concluded during the WTO ministerial meeting scheduled for September 2003 at Cancun, Mexico. UNIDO also continues to place great importance on strengthening its cooperation with bilateral technical agencies as well as its collaboration with other parties in the trade-related initiative of NEPAD. A meeting was held in Vienna on 23 and 24 April 2003 with the participation of a number of international technical agencies to improve the coordination of technical assistance delivery to developing countries in the fields of metrology, accreditation and standardization. The meeting also considered the possibility of organizing an international seminar on these matters in 2004. In other activities at the global forum level, UNIDO actively participated in the Second International Forum on Trade Facilitation—Sharing the gains of globalization in the new security environment, held in Geneva on 14 and 15 May 2003, and continued to contribute to the WTO/OECD database on trade-related technical assistance and the United Nations Trade Facilitation Network. New promotional materials and a web site on UNIDO's trade-related initiative are under preparation for better dissemination of information.

Promoting investment and technology transfer, sectoral interaction with the private sector and interregional cooperation

9. UNIDO's investment and technology promotion activities focus on promoting partnerships and organic ties (such as technology transfer, subcontracting, joint marketing and other forms of strategic agreements) between foreign and domestic enterprises. Particular emphasis is placed on strengthening the capacities of investment promotion agencies (IPAs) and relevant private sector institutions in the identification, formulation, appraisal and promotion of investment projects. This is accompanied by the formulation of enterprise and investment project profiles, and their promotion through the Investment and Technology Promotion Office (ITPO) network, usually by trained national staff seconded to ITPOs. Special investment forums are also organized, usually at the subsector or bilateral levels but occasionally at the broader regional or multi-sector levels, as at the Organization of African Unity (subsequently renamed the African Union) Forum at Cairo in April 2002.

10. In addition, regional networks of IPAs are being established to provide UNIDO with a focus group for developing new approaches and generating unique empirical analyses. One such network, the Africa Investment Promotion Agency Network (AfriPANet), has already been established in sub-Saharan Africa, in the context of which a survey is being carried out in 2003 to establish the level of interest of foreign investors in making further investments in the region and their requirements for undertaking such investment. The results of this survey, which will be released at the next meeting of AfrIPANet proposed as a side event to the UNIDO General Conference (1-5 December 2003), will be used to design practical programmes for assisting developing countries in mobilizing foreign and domestic investments. This IPA network concept is currently being extended, including to India and Latin America.

11. Efforts have continued to strengthen the linkages of UNIDO's investment promotion activities with its environment and energy services, e.g. in a project in the Savannakhet industrial zone in the Lao People's Democratic Republic focusing on expanding local industrial capacity in the textile and wood sectors. This project also provided for the Government to standardize the contract package for using private financing for the hydropower export-oriented scheme. Meanwhile, UNIDO's well-established Computer Model for Feasibility Analysis and Reporting (COMFAR) is being redesigned with the United Nations Environment Programme (UNEP) to take account of environmental issues and will be released in a new version called "Green COMFAR".

12. Measures are also being taken to enhance cooperation with development financing institutions and national/regional equity funds, such as the African Communications Agency in Nigeria, to establish more direct links between the investment opportunities generated by UNIDO programmes and equity financing mechanisms. A large-scale three-year cooperation programme has been established with the Islamic Development Bank/Islamic Corporation for the Insurance of Investment and Export Credit, and will be implemented in four countries (Bangladesh, Sudan, Uganda and Yemen), from September 2003. Similarly, a venture capital fund located in Bahrain has expressed interest in collaborating with UNIDO and the Arab Regional Centre for Entrepreneurship and Investment Training to finance investment projects in countries in the Arab region.

Assisting in the development of small and medium enterprises through policy advice and the strengthening of support institutions, with special emphasis on rural and women entrepreneurship

13. In continuing to promote effective policies and specialized support for small and medium enterprise (SME) development, the focus of UNIDO services has been sharpened further to foster customized responses to the needs of different groups of countries and support institutions. Emphasis has been placed on least developed countries (LDCs), with over 40 per cent of delivery going to that group of countries.

14. With regard to industrial strategies and institutional support, competitiveness analyses and benchmarking systems have been developed for countries to track their manufacturing performance and measure it against peer and competitor nations. An analysis of the improvement of Thailand's manufacturing competitiveness through the promotion of technology, productivity and linkages has been published in Technical Working Paper No. 8. In addition, SME policy frameworks have been developed for Ghana and Iran (Islamic Republic of), defining the role that SMEs should play in fostering socio-economic development in those countries and recommending appropriate institutional arrangements for advocacy and coordination for formulating, implementing and monitoring effective SME policy measures and support programmes. A large-scale assistance programme in Viet Nam also focuses on enhancing the dialogue between representative business organizations and public bodies. In the United Republic of Tanzania, an SME policy document prepared with the support of UNIDO has been ratified by the Cabinet.

15. The objective of rural and women's entrepreneurship development, to eradicate poverty, is one of the goals of the United Nations Millennium

Declaration. In supporting the achievement of this goal, UNIDO continues to encourage and support aspiring entrepreneurs in rural areas, in particular women in sub-Saharan Africa. Based on accumulated experience and lessons learned, a new initiative focusing on post-crisis assistance, with an emphasis on Africa, has been developed. As a first step, a strategic framework is being developed to prepare the ground for a global application of the initiative. In parallel, stock-taking/formulation missions to crisis-stricken areas are being undertaken to collect information on criteria to be applied in future for determining the eligibility of such areas for post-crisis assistance. To promote UNIDO's rural and women's entrepreneurship development programme a new brochure and short video film entitled *A path out of poverty* have been issued.

16. The SME cluster and network development programme continues to play an important role in assisting SMEs. In this context, the recently launched Swiss-funded research and demonstration project has so far resulted in a draft study, prepared with the Institute for Development Studies of the United Kingdom, on the impact of SME cluster/network development initiatives on poverty alleviation. Subsequently, recommendations and tools will be tested empirically in selected SME clusters in India. A global training course on SME cluster development for policy makers and practitioners is being developed in cooperation with the ILO Training Centre at Turin, Italy, and will be launched in the first half of 2004.

17. The UNIDO business partnership programme gained further momentum and recognition in building partnerships between the public and private sector for implementing technical cooperation schemes. In South Africa UNIDO is cooperating with multinational car manufacturers to assist small automotive component suppliers in gaining access to the international market. In its National Cleaner Production Centre (NCPC) network, and based on a pilot project in Morocco, UNIDO is working with the German chemical company BASF to help SMEs introduce cleaner and more efficient production methods. Based on its know-how and expertise in this area, UNIDO gained accession to the United Nations Global Compact as one of the five core United Nations agencies in May 2003. In this new capacity, UNIDO will continue to support the efforts of SMEs to understand and embrace good corporate citizenship practices.

Promoting South-South cooperation

18. South-South cooperation is actively promoted by UNIDO. For example, the Asia-Africa Investment and Technology Promotion Centre is now in its fourth year of operation since its creation in the context of South-South cooperation in general and Asia-Africa cooperation in particular, with the support of the Japanese Government, following the Second Tokyo International Conference on African Development (TICAD II).

Promoting the transfer of technology, particularly in the fields of agro-related technology, information and communications technology, and biotechnology

19. Technology-enabling services focus on the establishment and promotion of networks, technology centres, methodologies and tools for capacity-building, and for strengthening the global forum-oriented activities. Major developments in 2002 and 2003 include:

(a) The establishment of the Shanghai Information Technology Promotion Centre, the International Centre for Materials Technology Promotion in China and the International Centre of Medicine Biotechnology in Moscow; ongoing efforts to establish an international technology diffusion and SSI support centre in India;

(b) The establishment of a partnership with the World Intellectual Property Organization (WIPO) for the training of entrepreneurs in the SME sector in the field of intellectual property rights and technology commercialization;

(c) An initiative on "Technology transfer: Assessing needs—promoting action" launched at WSSD;

(d) A technology needs assessment survey and plan of action for further technical assistance undertaken in the framework of the integrated programme for the Lao People's Democratic Republic;

(e) UNIDO's accreditation as an observer to the WTO Working Group on Trade and Transfer of Technology;

(f) The refinement of the technology management concept around the development of national innovation systems to establish links among various stakeholders such as Governments, science and technology institutions, industries, research and development institutes and academia, for technology development, promotion and extension services.

Extending technology foresight activities to all regions

20. UNIDO has taken the following measures to promote its technology foresight operations and extend them beyond the existing programmes for Latin America and Central and Eastern Europe and the Newly Independent States (NIS) to all regions:

(a) In Latin America new activities have been initiated in Chile and Uruguay. Over the remainder of

the MTPF period, the programme will be extended to cover several other countries in the region, and a set of regional technology foresight studies will be undertaken on a number of important production chains and thematic fields;

(b) In the case of Central and Eastern Europe and NIS, UNIDO organized conferences on technology foresight for Ukraine and the Russian Federation in September 2002 and March 2003 respectively. In addition, UNIDO convened a Technology Foresight Summit in March 2003 at Budapest in cooperation with the Government of Hungary, which focused on biotechnology in Central and Eastern Europe;

(c) With a view to extending the technology foresight operations to Asia, UNIDO is negotiating special programmes with several countries, including China, India, Indonesia and Thailand, on a cost-sharing basis;

(d) Proposals on technology foresight for the Arab region are being developed in cooperation with ESCWA and AIDMO. A proposal for a regional technology foresight exercise in the Maghreb region has also been developed;

(e) In the case of Africa, contacts have been established with the Commonwealth Science Council to participate in a regional technology foresight exercise in Southern Africa.

21. A number of other steps are being taken to strengthen further the role of technology foresight in the range of technical cooperation services offered by UNIDO. These include the preparation of a UNIDO sales publication on technology foresight and a manual for foresight methodologies, which is currently in progress.

II. CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

Developing further cleaner production activities focused, among others, around the UNIDO/UNEP National Cleaner Production Centres

22. UNIDO supports NCPCs and national cleaner production programmes (NCPPs) in more than 30 countries, and additional programmes are expected to start in the near future in Armenia, Bulgaria, Cambodia, Egypt, Jordan, Pakistan, Philippines and the United Arab Emirates. In line with the Millennium Development Goals and the Johannesburg Declaration on Sustainable Development, UNIDO has developed a holistic and sectoral cleaner production (CP) strategy aimed at promoting productivity growth and competitive market access through cleaner production methods and the development and transfer of environmentally sound technologies (ESTs). A principal focus is the promotion of the transfer, absorption, adaptation and diffusion of quality and productivity enhancing ESTs, which requires the integration of various technical, financial and policy dimensions.

23. UNIDO's network of NCPCs and NCPPs constitutes an excellent source of local capacity for the implementation of projects related to Multilateral Environmental Agreements, such as the Cleaner Development Mechanism (CDM) of the Kyoto Protocol, the Global Environment Facility (GEF), the Stockholm Convention on Persistent Organic Pollutants (POPs) and the Montreal Protocol. In this connection the CP programme has already begun to cooperate with UNIDO's energy efficiency services for the training of NCPC and NCPP staff, and for the identification, development and implementation of technical cooperation projects to be submitted for funding to the Kyoto Protocol and GEF.

24. The UNIDO CP programme also seeks to support the transfer of CP technology and lessons learned between countries and regions. Activities specifically designed to support this goal include the annual meetings of UNIDO/UNEP NCPCs aimed at exchanging experiences between the different NCPCs and NCPPs and enhancing expertise in CP-related fields, the exchange of experts between recently-created NCPCs or NCPPs and experienced ones, and the establishment, coordination and facilitation of formal international and regional CP networks. In this context a meeting of senior government representatives and directors of NCPCs from 19 Latin American and Caribbean countries at Havana from 18 to 20 March 2003 agreed to the establishment of a regional cleaner production programme for Latin America and the Caribbean.

Implementing the assistance programme for greenhouse gas reduction, increased energy efficiency and the increased use of renewable and alternative sources of energy

25. Since industrial energy systems consume huge amounts of energy, there is considerable scope to reduce energy consumption and greenhouse gas emissions across the industrial sector, and at the same time to enhance industrial productivity and reliability by improving the design and operation of energy systems. UNIDO technical cooperation in this field helps to improve the efficiency of industrial energy systems through the transfer of knowledge, skills and assessed information, which, once acquired by the recipient, can be replicated through various kinds of in-country training programmes.

26. An example of the impact of UNIDO's work on systems optimization is given by a project to improve the effectiveness of the pumping system of a pharmaceuticals plant in China by applying correctly sized

pumps, improving the piping arrangements and adding variable frequency drives to the system. The total investment amounted to only $150,000, but with annual energy savings of 1.06 million kWh, the project's payback was 1.8 years. Similarly, UNIDO is also providing assistance in industrial energy efficiency to SMEs in developing countries and transition economies, both directly through energy audits with subsequent advice and indirectly through institutional strengthening. In doing so, the Organization is contributing to a reduction of energy consumption per unit of output produced, and thereby improving the competitiveness of these SMEs in local and international markets.

27. UNIDO is also continuing to emphasize the promotion of renewable and alternative sources of energy, especially in rural areas. Thus, the UNIDO International Centre for Small Hydropower in Hangzhou China, which has been promoting small and micro-sized hydroelectric power plants for village-level power in poor areas of China and other developing countries, has recently been supplemented by a Regional Centre for Small Hydro Power in Kerala, India. This will convincingly demonstrate the Organization's case for "Rural Energy for Productive Use" in South and East Asia.

28. In addition, UNIDO has continued to support capacity-building measures for the greenhouse gas reduction mechanisms of the Kyoto Protocol, such as the CDM. The Organization's activities in this context can be summarized as:

(a) Strengthening institutional capacity in developing countries to correctly apply the guidelines and methodologies for the development and implementation of projects under the CDM and Joint Implementation under the Kyoto Protocol;

(b) Seeking international collaboration, especially with international and regional organizations, development banks and energy technology centres;

(c) Enhancing public awareness of energy and climate change problems, and helping to develop the strategy and methodologies to solve the problems.

Supporting environmentally sustainable industrial development strategies and technologies in agro-industrial sectors

29. Agro-related industries remain the prime sectoral focus of UNIDO's technical cooperation activities. The programmes in these subsectors seek to add value to agricultural produce, assist institutions in supporting productive agro-related enterprises, link industry to agriculture, and assist producers to meet market and environmental requirements. In particular, these programmes offer environmentally sustainable development strategies and technologies for the food, textile, leather, wood and agro-machinery industries.

30. UNIDO services for the food industry have concentrated on the transfer, adaptation and dissemination of technology for product and process improvement, preservation and safety, storage and by-product utilization. These programmes have focused on micro, small and medium enterprises, and have sought to strengthen the competitiveness of their products in domestic, regional and international markets. The very successful programme on fish safety and quality in Uganda and the United Republic of Tanzania is being replicated in other countries and the methodology applied in other subsectors.

31. In the case of the textile industry, UNIDO is providing assistance in a wide variety of fields, including policy advice, sector studies, the establishment or upgrading of research and development centres and training institutions, and the transfer of modern textile and garment production technologies. The Organization is also giving support to enterprises during the phase-out of the Multi-Fibre Agreement and helping the textile industries of sub-Saharan Africa to take advantage of the African Growth and Opportunity Act. These activities will be continued and strengthened during the current MTPF and successful programmes, such as the tissuethèque programme to promote the traditional textile industry in West Africa, will be replicated.

32. The services offered by UNIDO in the leather industry encompass advice to support institutions and the demonstration of environmentally friendly processes and technologies in the entire production chain. During 2002 and in the first half of 2003 UNIDO provided assistance in the establishment of a technology institute for leather and leather products in Ethiopia as well as a service centre in Morocco. Waste treatment plants have been established in Ethiopia, and process optimization activities (cleaner technologies) have been implemented in several African countries. Activities for market access for leather products have also been successfully implemented in Kenya and Ethiopia. From 2002 to 2005 the UNIDO leather programme will focus increasingly on technical support for market access, environmental issues, eco-labelling and safety at work. In addition, successful programmes such as the Training and Production Centre for the Shoe Industry established at Thika, Kenya, will be replicated.

33. In the wood sector, UNIDO has concentrated on the transfer and dissemination of technology for product and process improvement, and will continue to provide advice and demonstration activities to increase value added to wood and non-wood (e.g. bamboo) forest products through the manufacture of furniture and joinery items for building and the rational use of timber

for construction. Particular emphasis will continue to be placed on the promotion of industrial bamboo processing into such high value-added products as floorboards and furniture. Concrete project activities in this respect are well under way in Cuba, Ghana and India, with a strong emphasis on South-South cooperation. Other major activities in this sector will include the transfer of technology and know-how, re-engineering of production lines, assistance in the design of marketable products for export using CAD/CAM software, and the promotion of environmentally friendly processes and products. In order to improve industrial linkages and knowledge exchange, the establishment of an Internet-based wood and bamboo industry project navigator database is under preparation.

34. UNIDO's programme in the agro-related machinery industry is concentrated on the transfer, adaptation and dissemination of appropriate tools, agricultural machinery, post-harvest equipment, small-scale irrigation systems and low-cost transport devices that can play an important role in sustaining land and agricultural productivity, improving rural income and generating employment. Technical assistance is also provided for the production of such technologies locally through capacity-building of the metalworking industries and relevant institutions.

Supporting sustainable industrial development in accordance with international instruments and conventions

35. UNIDO continues to place high priority on the implementation of sustainable industrial development strategies in accordance with such international instruments and conventions as the Stockholm Convention on Persistent Organic Pollutants, the Cartagena Protocol on Biosafety of the Convention on Biological Diversity (CBD), and the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

36. UNIDO is working closely with GEF as a member of its Task Force on POPs. As an executing agency with expanded opportunities for GEF-funded projects in support of the Stockholm Convention, UNIDO has received approvals for 37 enabling activities projects for the preparation of national implementation plans (NIPs). In assisting the developing countries and economies in transition in developing their NIPs, due regard was given to building national capacities in the management of POPs, including conducting inception workshops and training programmes in the preparation of POPs inventories with full stakeholder participation.

37. In May 2003, the GEF Council approved a global programme formulated by UNIDO to demonstrate the viability and removal of barriers that impede the successful implementation of available non-combustion technologies for destroying POPs. The Programme will successfully use such technologies to destroy significant obsolete POP stockpiles in countries with developing economies and economies in transition, and it will thereby help remove barriers to the further adoption and effective implementation of available non-combustion technologies and meet the Stockholm Convention requirement to ensure the use of Best Available Techniques and ensure Best Environmental Practices.

38. UNIDO is also developing a programme for the demonstration of viability and removal of barriers that impede adoption and effective implementation of available, environmentally sound non-combustion technologies for re-utilizing mixed plastic waste, including polyvinyl chloride (PVC) to avoid generation of unintentional POPs. This is aimed at helping Member States to address the global plastic waste crisis, especially that posed by PVC, by promoting effective environmentally sound technologies for the re-utilization of such wastes in other economic sectors. GEF has also approved a UNIDO/UNEP medium-size project on NGO capacity-building. This project aims at strengthening the participation of NGOs in the implementation of the Stockholm Convention. UNIDO is also participating in the GEF-funded Africa stockpile programme.

39. As indicated above (para. 28), UNIDO is continuing to support capacity-building measures for the implementation of the provisions of the Kyoto Protocol. These activities will also be sustained for the remainder of the current MTPF.

40. In connection with the Cartagena Protocol, UNIDO has continued to assist Member States in building the scientific and regulatory capacities to fulfil its provisions. In addition, UNIDO assists the CBD Secretariat in implementing one of the main technical provisions of the CPB, the biosafety clearing-house mechanism. Both of these activities will continue for the duration of the MTPF.

Providing access to modern and efficient energy services for the poorest

41. Based on its comparative advantages in this field, UNIDO has developed a strong rural energy programme. The projects implemented under this programme seek to demonstrate the feasibility of renewable energy based on hybrid systems, which give rural off-grid communities access to power for various income-generating activities, resulting in poverty alleviation and reduced incentives for rural-urban migration. The Centres for Small Hydropower in Hangzhou, China, and Kerala, India, noted in paragraph 27 above play an important role in this connection by showing how decentralized power generation can provide effective energy services to off-grid rural communities.

Continuing cooperation with GEF

42. Cooperation with GEF is being undertaken in several fields in which UNIDO has a comparative advantage. Apart from the POPs-related activities noted above (paras. 35-38), these include rural energy projects in a number of poor countries and regions as well as activities related to the implementation of the Kyoto and Montreal Protocols.

43. A particularly important area of cooperation is in the focal area of international waters. Preparatory funding has been approved by GEF for several regional programmes focusing on the restoration of fisheries and coastal zone management in the context of large marine ecosystems (LMEs). These include the Guinea Current LME in West Africa, the Humboldt Current LME covering Chile and Peru, and the Gulf of Mexico LME covering Cuba, Mexico and the United States of America. These LME-related activities are consistent with UNIDO's strategy to support the WSSD resolution to achieve sustainable fisheries and to restore depleted fisheries by the year 2015.

44. Another area of cooperation with GEF in 2002 and 2003 is the programme on transfer of environmentally sound technologies being implemented by UNIDO with GEF funding. This is focused on the protection of the water resources of the Danube River Basin, and specifically on industrial pollution hot spots in Bulgaria, Croatia, Hungary, Romania and Slovakia. In this project, UNIDO has developed a groundbreaking new methodology for integrating the principles of sound environmental management with the transfer of environmentally sound technologies.

45. Similarly, a new regional initiative has been launched in Central Europe with the assistance of GEF, which provides for the preparation of a strategic action programme for the Dnieper River Basin and the development of implementation mechanisms. It aims at identifying measures for the sustainable protection of Europe's third largest river, the transboundary Dnieper, and through this to contribute to the protection of international waters.

46. In 2002, UNIDO began to implement the GEF-funded project for the removal of barriers to the introduction of cleaner artisanal gold mining and extraction technologies. The $6 million global project covers gold mining areas in Brazil, Lake Victoria and adjacent small-scale gold mining areas in the United Republic of Tanzania, artisanal mining sites along the Nile in Sudan, small-scale gold mining along the tributaries of the Zambezi in Zimbabwe, river bed gold mining activities along the Mekong in the Lao People's Democratic Republic, and river bed gold mining activities along rivers in Kalimantan draining into the Java Sea. The project will continue until 2005.

47. Under the auspices of GEF, UNIDO has also developed a comprehensive study on indicators of sustainability for the mineral extractive industry to address sustainable development issues associated with the extraction and processing of mineral commodities that are of major concern to mining enterprises and mining communities, in an attempt to design sustainably sound processes and products. In addition, UNIDO participated actively in the Third World Water Forum at Kyoto, Japan, which focused on the demand side issues of water by industry, and is planning to convene a top-level symposium on industrial fisheries, food security and the sustainability of LMEs in the second half of 2003.

Pursuing activities related to the phasing out of ozone-depleting substances as defined in the Montreal Protocol

48. In the first year of the current MTPF, UNIDO's Montreal Protocol-related activities included the completion of 45 investment projects, which involved the phasing out of more than 2,870 ozone-depleting potential (ODP) tonnes, as well as six training/technical assistance projects and two institutional strengthening projects. During the same year the Organization, for the first time, had to prepare and submit a three-year rolling business plan, addressing a new portfolio of approved projects amounting to approximately $130 million. The plan aimed at addressing the need for compliance with reduction targets of chlorofluorocarbons, trichloroethane, carbon tetrachloride and methyl bromide. Planned activities include phase-out plans, investment projects and country programme updates.

49. For 2003, the total value of projects planned for submission is about $40 million that will lead to the phase-out of over 7,000 ODP tonnes. The plan includes 10 multi-year agreements for sectoral and substance phase-out, 22 new multi-year performance-based agreements, 14 individual investment projects and one refrigerant management plan. In 2003, UNIDO's Montreal Protocol-related activities will cover various sectors in 27 countries in all regions. For 2004 to 2005, UNIDO plans to submit projects valued at approximately $40 million annually.

III. GLOBAL FORUM ACTIVITIES

Ensuring that technical cooperation activities are supported by cost-effective and output-oriented analytical activities

50. UNIDO continues to emphasize cost-effective and output-oriented analytical activities to provide a strong analytical foundation for its technical cooperation activities. Examples of such work undertaken or planned in the current MTPF include the publication of working papers within the framework of the UNIDO Staff Research Series; COMPID (combating marginali-

zation and poverty through industrial development) strategic research programme to produce strategies and guidelines for improving technical cooperation; the preparation of surveys, analyses and databases on industrial development issues; the formulation of manuals, guidelines and toolboxes for specific technical cooperation activities; and the holding of expert group meetings to discuss matters of relevance to those activities.

Using global forum activities to improve programmatic activities and enhance common understanding of the contribution of industry to poverty alleviation and economic linkages

51. In addition to its analytical work undertaken in direct support of its technical cooperation, UNIDO also conducts broader global forum activities intended to improve its programmatic framework and promote public awareness of industry as a driving force for sustainable poverty alleviation and economic development. The range of such activities in the current MTPF period includes:

(a) The launch of the *Industrial Development Report 2002/2003: Competing through innovation and learning* on 30 July 2002. This report is the first of a new series of publications intended to provide UNIDO clients with a learning tool drawing on empirical benchmarking of industrial performance and capabilities, and on practical examples related to linkage, leverage and learning. It has attracted considerable interest from Governments, industry and support institutions, which have found the guidelines for strategies to enhance industrial competitiveness and the organization of institutions to support innovation and technological upgrading contained in the report to be particularly useful. A unique feature is the scoreboard of industrial performance and its drivers, which enables countries to assess and benchmark their performance and their capabilities to catch up with more advanced countries. A web site has been established for the dissemination of the analyses contained in the report and a number of background papers prepared for it;

(b) The preparation of the next *Industrial Development Report*. This report, to be published by mid-2004, will address the role of industrialization in achieving the Millennium Development Goals, with a focus on the sub-Saharan African countries. The selection of this topic relates to the high priority given to UNIDO's contribution to the United Nations Millennium Project, which is in charge of implementing the Millennium Declaration subscribed by 152 Heads of State in September 2000. The report will highlight the strategic and policy dimensions of structural change relating to the achievement of the goals by 2015 as they pertain to industrial development and environmental sustainability, thus contributing to increasing the effectiveness of the efforts involved by the international community and the least developed countries;

(c) The implementation since January 2002 of a three-year, Danish-funded research programme on COMPID. Comprising five research projects (market failures and public goods, poverty alleviation, technological development, SMEs and social capital), the programme aims to improve the impact of UNIDO's programmatic activities. A peer review group of well-acclaimed international experts will vet the outcome of the research projects and provide guidelines on the synergies and coherence among the five projects;

(d) Support to several subregional Conferences of African Ministers of Industry (CAMI). With the consensus reached on NEPAD, collective actions at the regional level and improvement of industrial performance have become important for the region. UNIDO was instrumental in raising awareness on constraints to the industrial development of the region, informing on experiences from other regions and offering solutions;

(e) International Conference on the Process of Innovation and Learning in Dynamic City-Regions, Shenzhen, China, 7-9 December 2002. The objective of the meeting was to analyse the development patterns of regions that have emerged during recent years as powerful nodes of the global economy. During the meeting a Global Network of Innovating and Learning City-Regions was established to provide a platform for the sharing of experiences gained from the participating city-regions;

(f) The collection (in collaboration with OECD), upgrading and dissemination of key industrial statistics for all countries. The 2002 and 2003 updates of the industrial statistics databases maintained by UNIDO have been completed and published in both CD-ROM and print versions, and the 2004 and 2005 rounds are scheduled as annual routine. Moreover, the first edition of the re-designed Internet-based *Statistical Country Briefs*, another major dissemination product of the databases, has been completed. In the remainder of the MTPF period, the launch of a new publication series tentatively entitled *Statistical Regional Outlooks* is proposed;

(g) UNIDO's involvement in technical meetings, both as a host and a participant, remains a major component of its global forum activities. Examples of such involvement include the holding of a series of training workshops on industrial governance and the planned joint hosting, with the Government of Chile, of the Global Biotechnology Forum at Concepción, Chile, in March 2004 (IDB.27/15). In addition, UNIDO participates in most of the major

regular and occasional international conferences in the various technical fields covered by the Organization.

52. A major feature of UNIDO's global forum activities is the Organization's networking with research institutions and universities. In this context, a research cooperation agreement with the Centre for Study of African Economies at Oxford University, initiated in 1999, has been renewed for a two-year period (2002 and 2003). The UNIDO research fellow is undertaking research on topics such as export performance, firm efficiency and growth, investment and poverty alleviation. The partnership also includes training programmes for civil servants and researchers from francophone Africa, the preparation of industrial surveys and a rapid-response mechanism supporting decision-making of UNIDO senior management.

53. UNIDO is also participating as a knowledge partner in the Nordic Partnership (NP) initiative founded by the World Wide Foundation for Nature in the four Nordic countries and the Danish strategic forum, House of Mandag Morgen. This partnership includes 17 major Nordic companies, and is currently being extended. UNIDO is working with the partners to develop, promote and implement a new approach on how to integrate sustainable development into the business model, and so ensure that business can take on global responsibility—socially, environmentally and financially. Participation of the NP companies in a UNIDO corporate social responsibility/triple bottom line technical cooperation project in five countries in South-East Asia is being initiated.

54. As a contribution to the debate on how best to stimulate environmentally sound technical change in developing countries and as a direct input to UNIDO's participation in the WSSD, UNIDO conducted a study of the determinants of firm-level adoption of EST in nine countries. The objective was to document the factors that have influenced firms to adopt ESTs over the past decade, and to assess their relative importance in terms of company and country-specific conditions. Insights gained will enable UNIDO to develop its policy advisory services with regard to industrial, technology and environmental policies and better orient its technical cooperation services.

Participating in, and contributing to, major development conferences

55. UNIDO is continuing to play an active role in major development conferences, as outlined in detail in chapter I of the *Annual Report 2002*. High-level UNIDO delegations, headed by the Director-General, participated in both the International Conference on Financing for Development and the World Summit on Sustainable Development. In both cases, UNIDO's participation at various levels during the preparatory and follow-up stages of these conferences has led to increased cooperation with other members of the international development community. Of particular relevance in this context has been UNIDO's involvement in WTO trade-related technical cooperation activities emanating from the fourth WTO Ministerial Conference at Doha.

IV. FIELD REPRESENTATION

56. This subject will be covered in detail in a separate document IDB.27/21.

V. HUMAN RESOURCES MANAGEMENT

The further development of the Human Resources Management Framework while ensuring its effectiveness and efficiency

57. Detailed information on the further development of the Human Resources Management Framework (HRMF) is provided in the report of the Director-General on personnel matters (IDB.27/16). That document reports specifically on the promulgation, in January 2003, of the second phase of the Framework, which follows upon the introduction of a new performance appraisal system in 2002 and provides the supporting mechanisms to promote and reward professional excellence. It does so through the introduction of a system of performance and merit recognition, as well as recognition of horizontal staff mobility. Moreover, it introduces the concept of merit recognition for team leaders of integrated programmes.

58. A further aspect of the Framework, which deals with organizational learning, is being and will continue to be implemented during the period covered by the MTPF. This includes an executive development and management programme dealing specifically with the strengthening of professional excellence, as well as specific management competency development programmes, such as team leadership. The development of additional mechanisms and programmes that promote professional excellence for all staff levels is part of the HRMF and will continue.

VII. ACTION REQUIRED OF THE BOARD

59. The Board may wish to take note of the information in the present document and make appropriate recommendations to the General Conference.